

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 183583  
ORIGIN EB-08

INFO OCT-01 AF-10 EUR-12 ISO-00 TRSE-00 SP-02 ICA-11  
AID-05 NSC-05 SS-15 STR-07 OMB-01 CEA-01 COME-00  
L-03 CIAE-00 INR-10 NSAE-00 /091 R

DRAFTED BY EB/IFD/OMA:WBMILAM  
APPROVED BY EB/IFD:CFMEISSNER  
EB/IFD/OMA:MELY  
AF/C:RKATES  
TREASURY/IMF:SCROSS  
AF:LWALKER  
AF/EPS:CCUNDIFF

-----120959 201754Z /46

R 201714Z JUL 78  
FM SECSTATE WASHDC  
TO AMEMBASSY PARIS  
AMEMBASSY BRUSSELS  
INFO AMEMBASSY KINSHASA  
AMEMBASSY LONDON  
AMEMBASSY BONN

LIMITED OFFICIAL USE STATE 183583

E.O. 11652:N/A

TAGS: EFIN, EAID, CG

SUBJECT: IMF-GOZ STABILIZATION PROGRAM

REFTEL: (1) PARIS 19556, (2) PARIS 21493, BRUSSELS  
13702 , (4) KINSHASA 7784

, ACCORDING TO HIGH-LEVEL IMF OFFICIAL, STABILIZATION  
AGREEMENT WITH ZAIRE IS ALMOST COMPLETELY DRAFTED. FUND IS  
FULLY SATISFIED, ACCORDING TO THIS OFFICIAL, WITH PROVI-  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 183583

SIONS IN DRAFT WHICH RELATE TO AUTHORITY FOREIGN OFFICIAL  
DETAILED TO ZAIRIAN CENTRAL BANK WILL HAVE TO OVERSEE PRO-  
CEDURES RELATING TO FOREIGN EXCHANGE TRANSACTIONS. THE IMF  
IS QUITE SENSITIVE TO THE NEED FOR THIS OFFICIAL TO HAVE  
SUCH AUTHORITY, YET IT MUST AVOID THE APPEARANCE OF INFRING-  
ING ON GOZ SOVERIGNTY. FYI. IN THE IMF-GOZ AGREEMENT, THE  
TERMS OF REFERENCE FOR THIS OFFICIAL WILL BE PRECISELY THE

SAME AS FOR EXPERTS SECONDED TO OTHER MEMBER COUNTRY CENTRAL BANKS, I.E., IT WILL REFER TO AN EXCHANGE OF LETTERS BETWEEN THE GOZ AND THE FUND ON HIS DUTIES, RESPONSIBILITIES AND AUTHORITY. THESE ARE ACTUALLY DETAILED IN LETTER FROM CENTRAL BANK GOVERNOR BOFOSSA TO IMF OF APRIL 8, 1978 WHICH FUND LETTER WILL ACKNOWLEDGE. HOWEVER, IMF WILL HAVE TO APPROVE ANY CHANGE IN THE OFFICIAL'S WIDE-RANGING RESPONSIBILITIES AS DETAILED IN THE BOFOSSA LETTER, WHICH WILL

PROVIDE SUFFICIENT ASSURANCE THAT THE AGREEMENT WILL BE CARRIED OUT AND ADEQUATE PROTECTION TO THE IMF. THE U.S. IS SATISFIED WITH THE AUTHORITY GRANTED THE OFFICIAL IN THE BOFOSSA LETTER. END FYI.

2. FRENCH ALTERNATE EXECUTIVE DIRECTOR IN IMF INDICATES HE HAS RECEIVED NO INSTRUCTIONS FROM GOF REGARDING DESIRE TO INCORPORATE PHRASE QUOTED IN REF 1, OR SIMILAR LANGUAGE, IN IMF-GOZ AGREEMENT.

3. U.S. REMAINS FIRMLY OF THE VIEW THAT REFORM AND REORGANIZATION OF GOZ FOREIGN EXCHANGE REPATRIATION AND ALLOCATION PROCEDURES IS IN THE INTERESTS OF ALL PARTIES -- ZAIRE, IMF, AND DONOR COUNTRIES. A KEY ELEMENT OF SUCH REFORM MUST BE AGREEMENT THAT THE FOREIGN OFFICIAL AT THE ZAIRIAN CENTRAL BANK HAS AUTHORITY TO OVERSEE FOREIGN EXCHANGE PROCEDURES. WE ARE ALSO FULLY COGNIZANT OF THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 183583

DELICATE BALANCE THE IMF MUST MAINTAIN BETWEEN FRAMING AN AGREEMENT WHICH PROVIDES SUFFICIENT AUTHORITY OVER THESE PROCEDURES AND APPEARING TO INFRINGE ON GOZ SOVEREIGNTY. WHILE WE LACK DETAILED KNOWLEDGE OF THE LANGUAGE IN THE DRAFT RELATING TO THIS MATTER, THE FUND'S APPARENT SATISFACTION WITH THE LANGUAGE LEADS US TO CONCLUDE THAT THERE IS NO NEED FOR FURTHER U.S. ACTION AT THIS TIME. THIS IS REINFORCED BY FACT THAT FRENCH HAVE NOT PRESSED THE ISSUE WITH THE IMF.

4. EMBASSY PARIS REQUESTED TO RELAY SUBSTANCE OF ABOVE PARAGRAPHS TO APPROPRIATE GOF OFFICIAL AND TO BELGIAN ECONOMIC COUNSELOR. YOU SHOULD STRESS:

- OUR COMMITMENT TO REFORM OF GOZ FOREIGN EXCHANGE PROCEDURES AND IN THIS CONNECTION OUR STRONG SUPPORT OF THE FRENCH POSITION IN BRUSSELS WHICH RESULTED IN AGREEMENT THAT THE PRINCIPAL DIRECTOR OF THE CENTRAL BANK WOULD SIT WITH THE COMPTROLLER OF THE MINISTRY OF FINANCE ON A SPECIAL COORDINATION COMMITTEE CHARGED WITH IMPLEMENTATION OF THE NEEDED REFORM (BRUSSELS 11763).
- THAT WE HAVE CONSISTENTLY TAKEN POSITION THAT NEGOTIATIONS BETWEEN IMF AND MEMBER COUNTRIES SHOULD BE LEFT TO

PARTIES DIRECTLY CONCERNED.

-- THAT OUR VIEWS ARE KNOWN, AND FUND EXPRESSES SATISFACTION WITH RELEVANT PROVISIONS IN DRAFT AGREEMENT.

5. EMBASSY BRUSSELS SHOULD CONVEY ABOVE TO ONKELYNX IN MFA AS RESPONSE TO HIS APPROACH TO CUNDIFF (AF/EPS) ON THIS SUBJECT IN PARIS ON JUNE 24 DURING GISCARD FUND TALKS AND ALSO IN RESPONSE TO DEMARCHE JULY 12 (REF 3). CHRISTOPHER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROGRAMS (PROJECTS), PRICE CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE183583  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** WBMILAM  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780298-0754  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780737/aaaabfdz.tel  
**Line Count:** 124  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 5d5aa66f-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 TEL AVIV 8, 78 PARIS 19556, 78 PARIS 21493, 78 BRUSSELS 8  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 26 apr 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1937307  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** IMF-GOZ STABILIZATION PROGRAM  
**TAGS:** EFIN, EAID, CG  
**To:** PARIS BRUSSELS  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/5d5aa66f-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014